

**Testimony of Donald R. Cravins, Jr. before the U.S House Financial Services
Committee, Subcommittee on Diversity & Inclusion**

**“The Legacy of George Floyd: An Examination of Financial Services Industry
Commitments to Economic and Racial Justice”**

Good afternoon Chair Joyce Beatty, Ranking Member Ann Wagner, and members of the Committee. I am Donald R. Cravins, Jr. and I serve as the Executive Vice President of the National Urban League. On behalf of my President and CEO, Marc Morial, and the entire Urban League Movement which consists of 91 affiliates in 36 states and the District of Columbia, I thank you for convening this hearing and it is indeed an honor be with you today on this important topic.

The National Urban League is a historic civil rights organization dedicated to economic empowerment, equity, and social justice. Founded in 1910 as a result of the Great Migration of African Americans to the North, the Urban League collaborates at the national and local levels with community leaders, policymakers, and corporate partners to elevate the standards of living for African Americans and other historically underserved groups. We work each day to enable and empower African Americans and others in underserved communities to achieve their highest human potential and to secure economic self-reliance, parity, power, and civil rights. We do that by focusing primarily on 4 areas - education, health and quality of life, jobs, and housing.

Pertinent to this Committee and the work you do, the National Urban League has specific programs designed to foster:

- Financial Literacy
- Homeownership

- Small Business Financing
- Small Business Contracting and Counseling
- Home Foreclosure Prevention
- Workforce Skills Development

These programs and services touch nearly 2 million Americans each year. Last year, amid the worst pandemic this country has seen in more than 100 years, we provided 80,000 people with housing counseling assistance. We also helped 45,000 people buy or keep their homes. We conducted 35 job fairs across the U.S. and have helped over 850,000 Americans find jobs and start businesses.

The National Urban League has been doing this work for nearly 111 years. This work has been funded through a combination of sweat equity, individual donations, federal and state government grants, and corporate philanthropy. We are not new to these issues or this work, nor are we new to receiving funding and resources to help those individuals and communities that need it most.

It is true that after the killing of George Floyd and other incidents of racism, organizations across the financial services industry made public pledges to invest in people and communities of color, including the National Urban League. We were encouraged to see some banks promise to support minority depository institutions and community development financial institutions, especially those assisting African American communities. We also witnessed contributions made by nonbank FinTechs, a more nascent sector of the financial services landscape but one that emerged as a viable funding option as well.

The National Urban League was and remains encouraged to see some financial institutions provide relief and assistance to potential African American homeowners as a step towards closing the racial wealth gap. Lastly and equally important, the National Urban League was encouraged by the spotlight placed on African American owned businesses in this country. As you know, all small businesses were negatively impacted by the COVID-19 pandemic, however African American owned businesses were disproportionately impacted and continue to struggle with recovery.

It is important that financial institutions of all kinds, depository and non-depository alike recognize the responsibilities they have to all American communities, especially those that have been traditionally and, in some cases, institutionally disadvantaged from an access perspective. The delivery of financial services rests on a compact with financial institutions, the government, and the public therefore the National Urban League supports policy discussions to ensure that lenders and financial services providers of all kinds recognize the need to support community investments and lending.

During the past 18 months or so, many financial institutions turned to the National Urban League and our network of affiliates to address these issues and inequities. This was done through financial and resource support. Based on previous and longstanding partnerships, for some financial institutions this was a continuation of support for the work we do. For others, this was the beginning of a new partnership and we have been working to incorporate these new partners into the work we do.

Although we are thankful for the commitments and are hopeful real impact will be made and felt in the communities we serve, what we are most hopeful about is that

these commitments will symbolize the ending of corporate philanthropic redlining. To truly address the systematic issues in this country, we must change the institutions of this country. Corporations are institutions. It is our hope that 3 years from now, we can provide evidence these commitments were met, and real change has resulted. The fact today remains there is still real work to do and the resources that have been pledged, alone, cannot remedy centuries of inequities and disparities.

For 45 years, the National Urban League has published the State of Black America Report detailing the disparities that continue to stand in the way of the African Americans.¹ Also, the House Joint Economic Committee published its report entitled the “The Economic State of Black America in 2020.”² Both reports detail that despite significant economic progress over the past decades, African Americans experience far worse economic conditions than Whites or the American population as a whole. Very deep social and economic inequities persist. Many Americans are poorly aware of the magnitude of these entrenched problems. African Americans experience recession-like conditions even in an economy in which others thrive, and these conditions were only exacerbated during this pandemic.

The unemployment rate for African Americans has been and continues to remain approximately twice the rate for Whites. The typical African American household earns a fraction of White households - just 59 cents for every dollar. The median wealth of African American families is \$17,000 which is less than one-tenth that of White families - \$171,000. Only 42% of African American families own their homes, compared to 73% of

¹ <https://soba.iamempowered.com/2020-executive-summary>

² https://www.jec.senate.gov/public/_cache/files/ccf4dbe2-810a-44f8-b3e7-14f7e5143ba6/economic-state-of-black-america-2020.pdf

White families. As recently as 2004, more than 48% of African American families were homeowners. Homeownership rates are stagnant among all African American households and are falling for African American millennials.

African Americans struggle to obtain mortgages, consumer loans and even credit cards. More than 1 in 4 African Americans do not have a credit score, and 17% do not have traditional bank accounts. African Americans also face significant challenges in other areas that affect the quality of life and overall prosperity.

How did America get here? A June 19, 2019, Washington Post article by Professor Calvin Schermerhorn entitled, "*Why the racial wealth gap persists, more than 150 years after emancipation*" presents a dim history lesson of the economic plight of African Americans.³ After emancipation from Slavery, the nation industrialized between the 1870's and the 1910's, but instead of vanishing, the disadvantages confronting African Americans simply morphed. Slavery was simply replaced by sharecropping. The successes and advancements for African Americans during Reconstruction were intentionally and often violently erased by disenfranchisement and legal discrimination, or Jim Crow.⁴

When African Americans began moving into northern industrial cities during the 1920's, they faced surcharges on opportunities — high rents and new forms of prejudice. African Americans who moved to the North to flee Jim Crow were met with

³ <https://www.washingtonpost.com/outlook/2019/06/19/why-racial-wealth-gap-persists-more-than-years-after-emancipation/>

⁴ The advancements of African Americans during Reconstruction and the subsequent effects of Jim Crow were detailed by Congressman George H. White in his farewell address to Congress on January 29, 1901. http://www.edchange.org/multicultural/speeches/george_white_farewell.html

marginal neighborhoods where landlords gouged them because of a lack of access to alternatives. It is because of these conditions, organizations like the National Urban League were formed.

And although African Americans thought they were leaving Jim Crow behind in the South, little did they know, it followed them to the North and reared its ugly, “American Dream killing” head there as well. It surfaced in federal housing and social policies. Further, Southern politicians ensured that the New Deal would not work for African Americans.

As detailed by Professor Schermerhorn, African Americans seeking home loans found themselves redlined — ineligible for credit — because the government would not guarantee the loans. As a result of these and other discriminatory practices, African Americans were unable to establish housing equity which makes up about two-thirds of median household wealth. These practices locked out most African American families and created permanent wealth disparities.

Reforms such as Social Security were unavailable to farm and domestic workers, many of whom were African American. After men like my grandfather, Antoine Arceneaux, returned from World War II looking forward to the benefits of the GI Bill, he and fellow African American servicemen were met with sham benefits and segregated universities. Although the GI Bill created a middle class for White Americans, African Americans could not share in this economic empowerment.

As these discriminatory policies continued in the decades to follow and as the mass incarceration of African Americans began, the economic toll was devastating to

African American families. This created the persistent wealth gap we read about and live with in this country.

So, when it comes to economics and the work of financial institutions, there is much work to be done. The commitments made since George Floyd's murder are a start. However, the organizations best suited to assist financial institutions with addressing these issues have traditionally been underfunded. No organization can change these century old disparities in one year. So, I am hopeful this Committee will continue to assess these commitments, encourage consistency, and continue to shine a bright light on the disparities and inequities continuing to plague this nation and make us less competitive.

Lastly, I want to pose a rhetorical question to the committee, what does a real commitment to equity look like? We at the National Urban League believe that financial institutional change cannot be a nebulous concept. Equity cannot be fully achieved by financial institutions simply donating money to external partners and relying on them to change the world, minds, and hearts. Financial institutions must also look inward and ensure their own systems create inclusive places to work and with which to do business. This is not only morally the right thing to do, but it is also good for business. Best-in-class organizations recognize diversity, equity, and inclusion as a prudent business practice, providing a competitive advantage with wide-ranging benefits for the company and its various stakeholder groups and providing a better return on investment than those without diversity. A diverse employee base and team generates better ideas, bring more knowledge, perspectives, and experience; enabling them to appeal to an

increasingly global customer base and better compete in a highly competitive global marketplace.

I am proud to say some institutions have approached the National Urban League for these types of services as well. Whether it be unconscious bias training or providing diversity, equity, and inclusion products or services, the National Urban League is also assisting some financial institutions with best practices. Our message to our corporate clients is simple, if you want real change, if you desire a real commitment to equity, then you must be transparent and be willing to set an example. Otherwise, you are only partially committed to equity – window dressing. Financial firms have an opportunity to be at the forefront of bringing scaled positive change because of the nature of their business models. The National Urban League is a strong partner to them as it is to federal, state, and local governments and organizations of all kinds looking to support broader financial inclusion. We have an opportunity to row in the same direction and combine these accelerated levels of interest with long term and sustainable capital investment, especially in businesses that can take that investment and make more investments. For those that are serious about this work we stand ready to assist.

Thank you for your time today and allowing me to testify on this important topic. I am open to any questions the committee may have.